

Enterprise Development Project

Blue Ocean Strategy in: EasyNow Wi-Fi Kiosks

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December, 2007

Executive Summary

Company Profile

EasyNow started in 2004 in USA. It provides a unique forum for communication and entertainment through the medium of public Internet access. In the first year, it set up 16 Internet-enabled pay-kiosks in public spaces throughout Tech City, in locations frequented by business travelers and students, but with no nearby internet cafes or other similar competition. EasyNow's flagship location will be next to the downtown bus and train station, where, for less than a dollar, travelers can check email, locate phone numbers, and look up directions on any of the multiple online-mapping sites. They can also simply surf the net, as their time and budget allows. By accepting both real money (coins and dollar bills) and credit cards, we can catch both the casual browser and the traveler with money to burn.

EasyNow was incorporated as a Limited Liability Corporation. It shielded the owners, Cam Piotr and Bob Green, from issues of personal liability and double taxation. The investors were treated as shareholders and therefore did not be liable for more than their individual personal investment of \$5,250 each.

Vision

Prepare Easy and Quick internet for everyone in the earth.

Mission

EasyNow provides internet users and business travelers alike the ability to access the Internet, via our public Internet terminals or a wireless Wi-Fi connection away from home and the office. For a minimal fee, internet users, young and old, will be able to access the internet while they stay in hotels, wait at airports, shop in shopping malls and so on.

Products and Services

EasyNow's public Internet terminals provides customers full access to email, video email, WWW and other applications such as a prepaid storefront. EasyNow provides clients and customers with a unique and innovative product and service.

Product and Service Description

- ✓ **Walk-up Internet Access:** Customers pay with either cash or credit card and receive a specific amount of time on the terminal in exchange for their payment. Customers can surf the Internet, check email and send video email.
- ✓ **Wireless Internet Access:** Away from the home, Wi-Fi users can access the Internet through our Wireless Hotspots.
- ✓ **Prepaid Storefront:** An application that allows customers to purchase products such as Prepaid Calling Cards, Prepaid Wireless Top-up, and Prepaid Mobile Content (games, graphics, ring tones, etc.).

- ✓ **Multimedia Advertising:** Local, regional or national companies can advertise using multimedia on-screen advertisements. Advertisements consist of full motion video "commercials," picture files, or twelve advertising buttons.

Technical Specifications

- Wheelchair Accessible
- Front access for easy service and maintenance
- 15.1 inch touch screen LCD monitor
- Industrial spill and vandal proof keyboard
- Web Camera with integrated microphone
- Bill Acceptor and Credit Card Reader
- Stereo Speakers
- Wireless Router
- Surfnet Premier

Future Products and Services

To enhance its initial product line, EasyNow look at a newer model of Supplier One terminal that offers a greater variety of technologies. It continues to seek out applications that will allow us to offer a greater variety of services. A key component of this is customer feedbacks.

Analysis

Market Approach / Analysis

The International Data Corporation predicts that by 2008 there will be 310 million Internet users in the U.S. alone. World's increasingly mobile society means that a large percentage of these users accessed the Internet through public Internet terminals.

By 2007 the number of wireless Hotspots in the U.S. grew to 41,000 and generate in excess of \$4 billion in revenue.

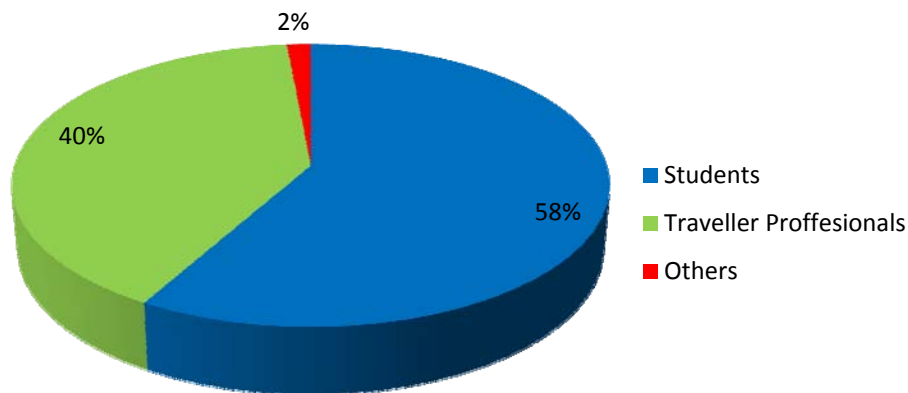
As a result, EasyNow is the answer to an increasing demand. People want access to the methods of communication and volumes of information now available on the Internet, at a cost they can afford, and in such a way that they aren't confined to a bedroom or office desk.

EasyNow's customers could be divided into two groups. The first group is familiar with the Internet and desires a convenient and affordable way to access the Internet away from home and their offices. The second group is not familiar with the Internet, yet, and is just waiting for the right opportunity to enter the online community. EasyNow's target market includes people between the ages of 18 and 65. According to the 2000 U.S. Census, Tech County has roughly 490,693 residents between the ages of 18 and 65. Of these, many are already internet-savvy.

Within this group, we will target two groups in particular:

- Students
- Traveling Business People

| Market Analysis | | 2005 | 2006 | 2007 | 2008 | 2009 | |
|-------------------------|--------|--------|--------|--------|--------|--------|-------|
| Potential Customers | Growth | | | | | | CAGR |
| Students | 2% | 35,000 | 35,700 | 36,414 | 37,142 | 37,885 | 2.00% |
| Traveling Professionals | 3% | 24,000 | 24,720 | 25,462 | 26,226 | 27,013 | 3.00% |
| Other | 0% | 900 | 900 | 900 | 900 | 900 | 0.00% |
| Total | 2.38% | 59,900 | 61,320 | 62,776 | 64,268 | 65,798 | 2.38% |



EasyNow's public Internet terminals was be a magnet for local and traveling professionals who desire to work or check their email messages away from the office. These professionals were either use EasyNow's terminals, or connect their notebooks to our wireless Wi-Fi Internet connection. EasyNow's target market covers a wide range of ages: from members of Generation X who grew up surrounded by computers, to Baby Boomers who have come to the realization that people today cannot afford to ignore computers.



TESP Analysis

- **Technological**
 - ✓ Paper-Less Enterprises
 - ✓ E-Commerce
 - ✓ People-less Enterprises
 - ✓ E-Relations
 - ✓ E-Learning
- **Economical**
 - ✓ Increase Consumer Wallet-Share
 - ✓ Low Cost Internet Providers
 - ✓ Low Cost Technologies / Services
 - ✓ Tourism / Traveler Professionals
- **Societal**
 - ✓ Age distribution
 - ✓ Education
 - ✓ Geographical distribution
 - ✓ Income Distribution
- **Political**
 - ✓ Governmental Loans for IT Industries
 - ✓ E-Government Affairs
 - ✓ International Trading Legislations

Five Forces Analysis

The explosion of the Internet has been well documented. World's increasingly mobile society means that a large percentage of these users accessed the Internet through public Internet terminals. To be proactive and remain competitive it is imperative for business travelers to have reliable high-speed access to e-mail, the Internet and corporate networks. As such, it is becoming a standard for business travelers to stay only at hotels with high-speed Internet access and public Internet terminals.

Internet terminals with integrated Wi-Fi hotspots allow users to jump onto the Internet as easily as they would use an ATM. Our Internet terminals allow the public to experience rich multimedia content, which cannot be viewed on PDAs. Internet kiosks very quickly became a standard feature of all hotels. The growth of Internet kiosks had very closely paralleled that of ATMs and payphones.

The main competitors in the public Internet terminal segment are ATT and BellSouth. Competition from online service providers comes from locally-owned businesses as well as national firms. Due to the nature of the Internet, there are no geographical boundaries restricting competition. However, none of these online service providers have public Internet terminals available for placement.

The important strategy focuses on pulling in power Internet users. Power Internet users are extremely familiar with the Internet and its offerings. This group of customers include students and business professionals.

The second strategy focuses on building a large loyal customer base. A large loyal customer base will serve to attract large, medium and small companies as clients for our interactive advertising service. All of the advertisements can connect the user to the advertiser's web site. Due to the high traffic locations in which our public Internet terminals will be placed, this advertising space will be in high demand.

In brief, the market is moderately attractive for investment:

New Entrance → **Moderate-High**
Supplier Bargaining Power → **Low**
Consumer Bargaining Power → **High**
Threats of New Substitute → **Moderate**
Competition Degree → **Moderate-High**

Corporate / Business Strategy

Wi-Fi hotspots offering public Internet access are everywhere you look today, from cafes to hotels, from airports to marinas. Connectivity is what travelers want, and more importantly, are coming to expect. Travelers are making decisions on where to eat, sleep and work based on the availability of wireless service. Clients offering public internet access are able to tap into new revenue streams and new customers, and create loyalty.

EasyNow's public Internet terminals made it easy to provide convenient and easy access to wireless high-speed Internet connectivity. With EasyNow's public Internet terminals customers were be able to connect to their corporate networks and the Internet via a high-speed wireless connection in common areas. EasyNow differentiated itself by providing the

community with an innovative product that offers a convenient and affordable way to access the Internet away from home and the office.

EasyNow were position itself as an aggressive, innovative company that supplies the market with an affordable way to access the Internet away from home and the office. EasyNow used advertising as its main source of promotion. They acquired the services of Empire Communications Group and CyberMark International, Inc. to launch a diverse advertising campaign placed on television, radio, the Internet and in the local newspaper. EasyNow's brochures, letterhead and business correspondence further reinforced these concepts.

EasyNow did not expect to replace standard internet access options (home, school, and work-based computers), but to supplement them; similar ventures, such as Internet cafes, have seen great success. Moreover, EasyNow tries to extend the business through outsourcing. EasyNow obtained its public Internet terminals from Supplier One, Inc. located in Vancouver, BC. Supplier One, Inc. will provide the locating service and the hardware required to run EasyNow. Internet access and networking will be provided through Supplier Two.

SWOT Analysis

Strengths

- Horizontal Diversification Supply Chain
- Focus on Differentiation & Innovation
- Focus on Quality
- Quick and Easy to Use Kiosks
- Marketing and Partnership Strategies
- Innovation is number one in EasyNow Culture
- Outsourcing

Weaknesses

- Number of Kiosks
- Lack of Qualified personnel for Maintenance
- Lack of Qualified ISPs Everywhere

Opportunities

- Consumers Value Creation
- Tourism Industries
- Foreign Investors / Multinational Company Branches
- E-Commerce / E-Government
- Governmental Loans

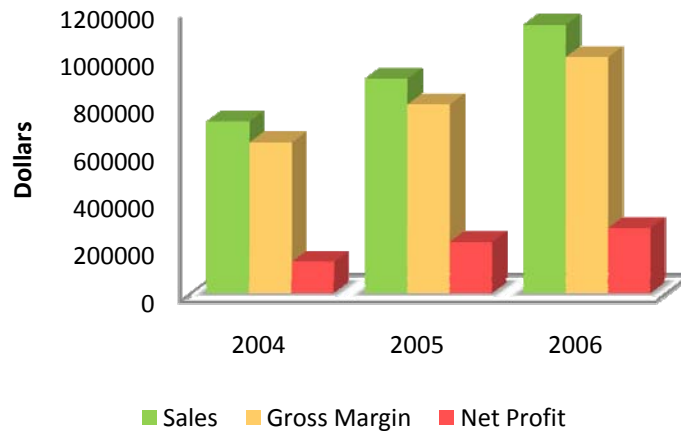
Threats

- Domestic / Foreign Competitors
- ISP's Quality

Financial Analysis

The financing, in addition to the capital contributions from the owners, allowed EasyNow to successfully open and maintain operations through year one. The large initial capital investment allowed EasyNow to provide its clients and customers with the most innovative public Internet terminal available. A unique and innovative product was required to provide the customers with a service that is insurmountable by any competition. Successful operation in year one provided EasyNow a customer base that allowed it to be self-sufficient in year two.

For an investment of \$299,671, it prepared dividends of \$100,000 in year two, and \$200,000 in year three. In the first year, with a break-even point of \$42,599 per month, EasyNow gained revenues of \$727,072 and net profit of 18.5%, or \$134,305. By year three, revenues increased to \$1,136,067.

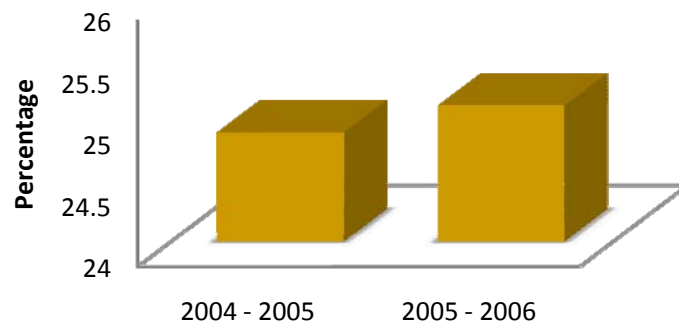


As illustrated in this figure, net profit has a acceptable growth. It had a supernormal growth during 2004 to 2005 and then it continues with constant and moderate rate until 2006. For deeper analysis of EasyNow grow must consider to Compound Annual Growth Rate (CAGR). CAGR is another term for the rate of return or interest rate variable in the formula Present value of a dollar and Future value of a dollar discussed at time value of money. It measures the rate of change in a value between two points in time (t and t₀). These equations are basic to the concept of compound interest.

$$CAGR(t_0, t) = \left(\frac{V(t)}{V(t_0)} \right)^{\frac{1}{t-t_0}} - 1$$

Where V(t₀) = the start value, V(t) = the finish value and t-t₀ is the time span.

In business, CAGR is used to describe the growth over a period of time of some element of the business, usually revenue, although other measures may be used. CAGR is not an accounting term, but remains widely used, particularly in growth industries.



Balance Scorecard

Balance Scorecard

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more “balanced” view of organizational performance. While the phrase balanced scorecard was coined in approach are deep, and include the pioneering work of General Electric on performance.

Measurement reporting in the 1950’s and the work of French process engineers (who created the Tableau de Board of literally, a “dashboard” of performance measures) in the early part of the 20th century. The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The new balanced scorecard transforms an organization’s strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured.

It enables executives to truly execute their strategies. This new approach to strategic management was first detailed in a series of articles and books by Drs. Kaplan and Norton. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise. The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

Financial Perspective

Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category. Illustrated balanced scorecard of the EasyNow from financial perspective as follows:

| Objective | Measurement | Actual | Target | Stoplight Signal | Initiatives |
|-----------------------|--|--------|--------|------------------|---|
| Profit Maximization | Profit Margin Growth / COGS Reduction Rate | % 19 | %25 | | <ul style="list-style-type: none"> - Revenue Maximization - Cost Reduction Management - Out-Sourcing - Efficiency Maximization |
| Revenue Maximization | CAGR | %25.4 | %25 | | <ul style="list-style-type: none"> - Customer Satisfaction - Geographic Diversification - Promotions and Marketing Plans - Growth strategies (Licensing) - Attract Advertising |
| Market Share Increase | Market Share Growth | %36 | %30 | | <ul style="list-style-type: none"> - Customer satisfaction - Licensing - Promotions and Marketing Plan |

Customer Perspective

Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups. Illustrated balanced scorecard of the EasyNow from customer perspective as follows:

| Objective | Measurement | Actual | Target | Stoplight Signal | Initiatives |
|-----------------------|---------------------|--------|--------|------------------|--|
| Customer Satisfaction | Revenue Growth | %80 | %95 | | <ul style="list-style-type: none"> - Implement Advertising Offers - Cost Reduction / Payment Plans - New Features - 24/7 Technical Support - Minimizing Delivering Time - Easy to Ordering - Kiosk Customizing - Easy to Use - Customizable Heights |
| Customer Loyalty | Re-Ordering Rate | %85 | %90 | | <ul style="list-style-type: none"> - Special Rebate & Discount Plans - Promotions - Free Consultation |
| Brand Image | Market Share Growth | %30 | %40 | | <ul style="list-style-type: none"> - All above Initiatives - Targeted Advertising Plan |
| Supplier Satisfaction | A/P Turn Over | %95 | %95 | | <ul style="list-style-type: none"> - Long-Term Contract - On Time Payment - High Amount of Order |

Internal Business Perspective

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants. In addition to the strategic management process, two kinds of business processes may be identified: a) mission-oriented processes, and b) support processes. Mission-oriented processes are the special functions of government offices, and many unique problems are encountered in these processes. The support processes are more repetitive in nature and hence easier to measure and benchmark using generic metrics. Illustrated balanced scorecard of the EasyNow from internal business perspective as follows:

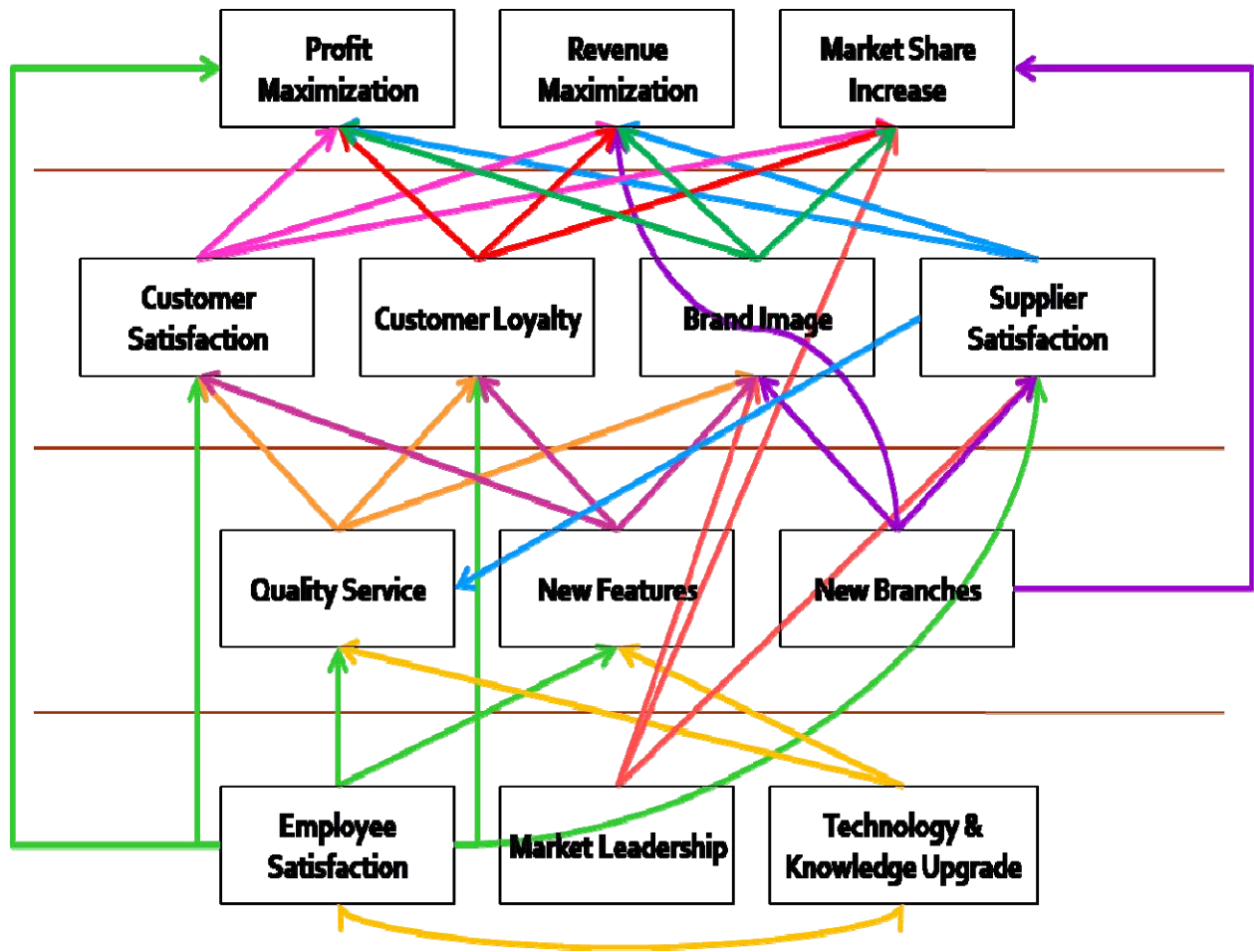
| Objective | Measurement | Actual | Target | Stoplight Signal | Initiatives |
|-----------------|-----------------------|-------------|-------------|------------------|--|
| Service Quality | Customer Satisfaction | %80 | %95 | | <ul style="list-style-type: none"> - Reliable and Fast - 24/7 Technical Support - Easy to Use - Customizable Heights |
| New Features | Customer Satisfaction | %45 | %70 | | <ul style="list-style-type: none"> - Customizable Heights - Additional Feature (Printer) - Additional Services (Drink Pot) |
| New Branches | Number of Branches | 35 in month | 30 in month | | <ul style="list-style-type: none"> - Licensing - Joint Venture |

Learning and Growth Perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, people -the only repository of knowledge- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Government agencies often find themselves unable to hire new technical workers, and at the same time there is a decline in training of existing employees. This is a leading indicator of 'brain drain' that must be reversed. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization. Kaplan and Norton emphasize that “learning” is more than “training”; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed. It also includes technological tools; what the Baldrige criteria call “high performance work systems”. Illustrated balanced scorecard of the EasyNow from internal business perspective as follows:

| Objective | Measurement | Actual | Target | Stoplight Signal | Initiatives |
|--------------------------------|---|---------|---------|------------------|--|
| Employee Satisfaction | Employee Turnover | %85 | %90 | | <ul style="list-style-type: none"> - Profit Sharing - Training - After-Work Entertainment - On Time Payment - Team-Work |
| Market Leadership | Time to Introduce New Service / | 80 Days | 60 Days | | <ul style="list-style-type: none"> - R&D - Team-Work |
| Technology Knowledge Upgrade & | Number of Successful Training Courses in Month / Number of New Technological Idea | 3 | 3 | | <ul style="list-style-type: none"> -New Findings - New Technologies (Software / Hard-ware / Ergonomic Design) - Sales & Marketing Courses |

Strategy Map



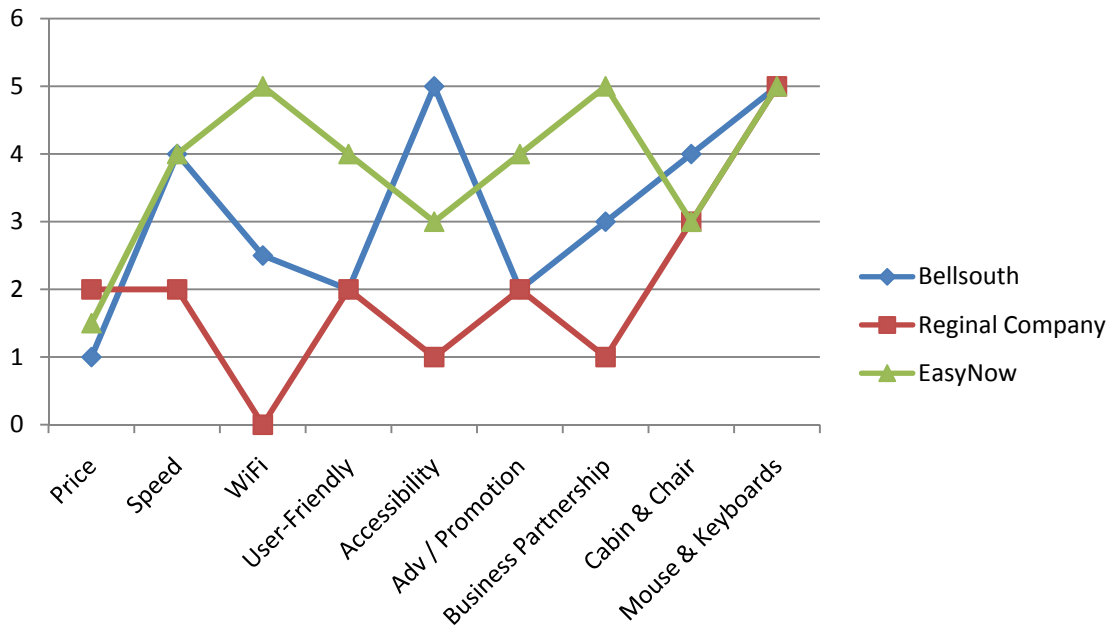
Blue Ocean Strategy

Current Key Performance Indicators / Current Strategy Canvas

The key performance indicators are as follows:

- ✓ Price
- ✓ Speed
- ✓ Wi-Fi Services
- ✓ User-Friendly
- ✓ Accessibility
- ✓ Advertising / Promotion
- ✓ Business Partnership
- ✓ Cabin / Chair

Regards to these indicators, current strategy canvas for EasyNow Co. in comparison with Bellsouth Co, as the most important competitor, and an unknown regional public internet provider follows as:



The Four Actions Framework (ERRC)

Eliminate:

- ✓ Cabin & chair
- ✓ Mouse and keyboards

Reduce:

- ✓ Price

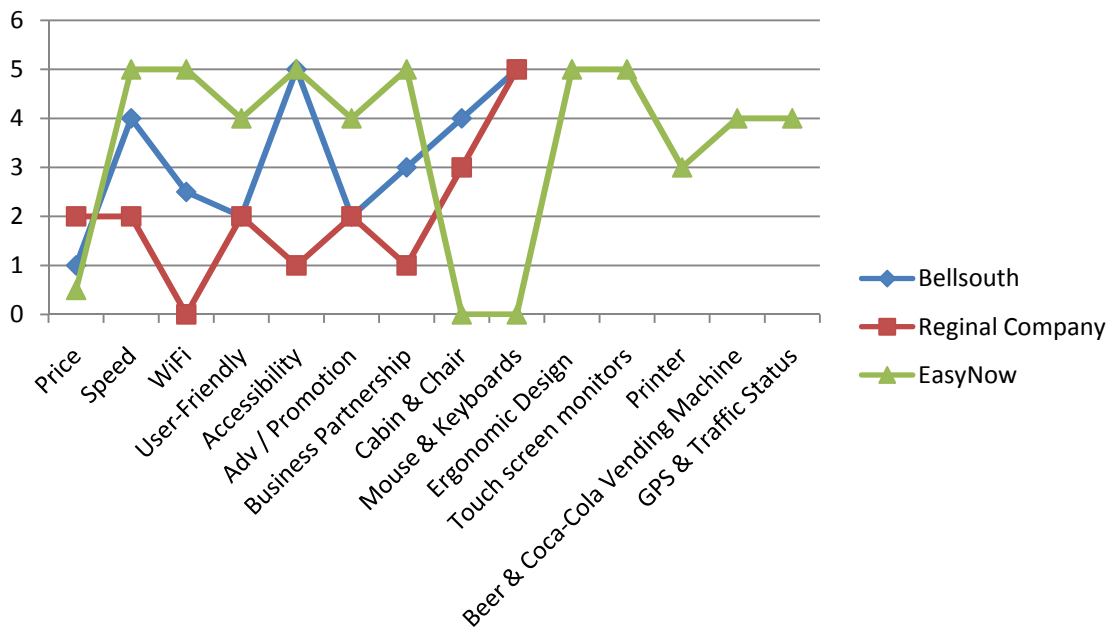
Rise:

- ✓ Speed
- ✓ Accessibility
- ✓ Business Partnership
- ✓ Adv / Promotion
- ✓ User-Friendly

Create:

- ✓ Ergonomic Design (Customizable for all heights, especially for wheelchair)
- ✓ Touch screen monitors
- ✓ Printer
- ✓ Beer & Coca-Cola Vending Machine
- ✓ GPS & Traffic Status

New CKPI / Strategy Canvas



Six Paths

Path One: Look Across Alternative Industries

The combination of slim printer and vending machine with Wi-Fi kiosks meet similar needs, which consumer obtain to them in the coffee-nets. However, low cost of these kiosks makes them more valuable for customers. Moreover, kiosks scatter in several place and are easy to access.

Path Two: Look Across Strategic Groups within Industries

Information kiosks, GPS & map desks, ATM and help kiosks in hotels, airports and other special public kiosks try to use advanced technologies to become more user-friendly. Moreover, digital technologies made them to eliminate some items and keys. In fact, touchpad screens convey these kiosks to more attractive with new functions. In this case, EasyNow tries to aid form new technologies for gain more performance and make kiosks more user-friendly. As a result, keyboards and mouses or joysticks eliminate. Now internet kiosks gain more performance, functions and space. The large monitors and kiosks become to new design with flat and thin structure. The related cost to eliminated parts also reduced and some public places such as coffee-shops become more eager to have internet kiosks in their shops which just take the minimum space.

Path Three: Look Across the Chain of Buyers

EasyNow must consider the person who do not surf the internet, however they want to find their position or need map, including traffic analysis, during their travel. As a result, kiosks by aiding form Google Map or MSN Live GPS could play new role for these people.

Path Four: Look Across Complementary Product and Service Offerings

Some people, especially professional travelers, receive emails which contain some documents which they need their hard-copy. So, bringing slim printers complete their needs.

Path Five: Look Across Functional or Emotional Appeal to Buyers

Some people like to surf the internet and having drink in the same time. So, limited vending machine could serve Coca-Cola and Beer for them. Moreover, ergonomic and height customizable design will able all user to feel comfort during their surfing internet.

Path Six: Look Across Time

Eliminating surfing cost by empowering advertising and promotion programs, establishing win-win business partners and also by using new user-friendly technologies (touchpad-screen), EasyNow will able to progress following new technologies. Moreover, higher speed and quality internet will able EasyNow to move side-by-side the coffee-nets.

The Three Tires of Non-Customers

First Tire of Non-Customers

Customers who are standing on the frontier of buying the product or completely ignore it. For example, the professional travelers and students which use the Wi-Fi kiosks which are waiting to use printer could be the tire on of new strategy. Moreover, some people which were not able to use the kiosks because of their height, will be the another tire one customers.

Second Tire of Non-Customers

Some hotels, coffee-shop and shop-centers which refused using Wi-Fi kiosks because of their design, space capturing and also the business partnership condition. The new strategy will meet their needs.

Third Tire of Non-Customers

Advertising banners and scattering in all public place will introduce Wi-Fi kiosks to who do not familiar with these kiosks.

Hurdles for Blue Ocean Strategy Execution

Strategy implementation is an internal, operations-driven activity involving organizing, budgeting, motivating, culture-building, supervising, and leading to “make the strategy work” as intended in a timely manner. In fact, the suggested pattern for Blue strategy creation and Value innovation development looks attractive and benefiting in theory, but through execution of such a plan, so many barriers would appear in action. Provision for weapons to confront probable hurdles, itself requires deep knowledge about internal and external environment of the thrashed out market.

Cognitive

Utilizing the most helpful methods to make everybody realize the necessity of the change and the benefits, it provides in the future to the organization and personnel. In fact, earn money from providing internet surfing for travelers must change to provide service-free strategies. After providing high speed and unique quality internet, company must consider to design and marketing affairs to earn the real profit.

Limited Resources

There is some ways which a company can scatter their services by using limited resources. Changing outsourcing companies, as the suppliers, and their customers, as the hotel and shops owner, to their partner will able EasyNow to convey the new strategies. Also, thanks of partnership with outsourcing companies; EasyNow could focus on the company’s core competencies.

Motivation

Making the pledge that this change holds profits, bonus and promotions for all the members and prove it by facts. For motivation generation, identifying the people who support the new idea is a critical action. This group preserves to perform as influencers to attract others.

Politics

Organizational politics are an inescapable reality of corporate and public life. There are those who will resist the changes, those who face to lose power or control as a result of the changes. In fact, by conveying some activates to outsourcing the related persons and departments lose their power. Actually, some of them eliminate completely or merge to other departments. By using contribution decision making and strategy implementing this problem might be solved.

Summery

To effectively execute the blue ocean strategy, every person in the organization needs to be involved and engaged in the process. To build employee's trust and commitment, and inspire voluntary cooperation use of fair process will minimize the management risk of distrust, non-cooperation, and even sabotage.

By using the new strategy canvas, EasyNow obtain both differentiation and cost leadership. In other words, they provide new values and benefits for their customers. Thanks to new technologies, like touchpad screen, that it will be act as the disruptive value innovation. In other words, beside the blue ocean benefits, EasyNow will change the competition criteria in the Wi-Fi kiosks industry.